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POLITICAL AND SOCIOLOGICAL

SUZUKI TO FIND 1982 CRUCIAL IN RETAINING REINS

OW020528 Tokyo KYODO in English 0503 GMT 2 Jan 82

[Text] Tokyo, Jan 2 (KYODO)--Prime Minister Zenko Suzuki will find 1982 to be a crucial year in his bid to retain the reins of government.

His two-year term as president of the ruling conservative Liberal-Democratic Party due to expire in November, Suzuki's leadership will be at stake over critical domestic and foreign policy matters.

Defense and trade issues will continue to be bones of contention in Japan's relations with the United States and West European countries.

The U.S. and European Community are not likely to give up pressure on Japan to ease trade friction in the wake of reports that Japan is bound to register a dollar 18 billion in trade surplus with America and more than dollar 10 billion with the EC nations.

On the domestic scene, the 70-year-old premier will be watched to see if he will actually live up to his earlier pledge that he will stake his political career in putting into force the controversial task of streamlining the burgeoning government structure.

A series of court rulings on the prolonged trials of the 1976 Lockheed payoff scandal will come out, starting in late January and probably climaxing before the end of the year with a verdict delivered on former Prime Minister Kakuei Tanaka.

The outcome of the court trials will not spare Suzuki from criticism. At worst, calls for his ouster may come from within the government party.

Suzuki reorganized his 20-member cabinet on November 30, bringing new men to key posts such as foreign minister and minister of international trade and industry to check trouble over the domestic economy and trade.

At the same time, in what was widely regarded as his determination to stay in power, he reshaped the makeup of top party posts, giving the important post of party secretary general to Susumu Nikaide, Tanaka's trusted aide who has been called a "grey high ranking official" in connection with the Lockheed bribery case, the worst postwar scandal in the country.

Tanaka has been on trial for allegedly receiving yen 500 million from Lockheed via its Japanese agent. Nikaido was rumored to have received yen 5 million but the prosecution failed to establish a criminal case against him.

Suzuki's appointment of Nikaido as the No 2 man in the conservative party raised the eyebrows of some people in the party, including former premiers Takeo Miki and Takeo Fukuda.

Tanaka's men also got influential party and parliamentary committee posts, indicating that Suzuki counted on their help in his bid for re-election as party head.

As a result, a strong foundation existing within the ruling party consisting of the factions led by Suzuki, Tanaka and Fukuda was shaken slightly.

Depending on the outcome of the trial involving Tanaka, Fukuda and his faction may turn against the prime minister.

A difficult issue confronting Suzuki is the task of resolving the trade friction and trimming government spending while at the same time boosting the domestic economy. The aluminum, textile and basic material producing industries have been in a prolonged slump.

His conservative administration has decided to reduce tariffs on imports two years ahead of the schedule agreed originally in the Tokyo round of multilateral trade talks.

It also has decided to simplify import standard and inspection procedures.

However, government sources admitted that these measures were mere steps designed to stop other nations from criticizing Japan for having a closed market.

The United States, meanwhile, has been stepping up calls on Japan to make greater efforts to reinforce its defense capability.

However, the fact is that there seems to be a limit to the government in treating defense as sacrosanct, as it also has to rebuild the deficit-stricken national finances.

Before the yearend, the government worked out the budget for fiscal 1982 starting April 1, which called for it to spend yen 49,680.8 billion (dollar 228 billion) in general account outlays.

Defense expenditures amounted to yen 2,586.1 billion (dollar 11.8 billion), representing an increase of 7.754 percent from fiscal 1981, or 0.933 percent of the country's gross national product.

Also on the domestic political scene, there is a resurgence of nonmilitary neutralist policy with the re-election of Ichio Asukata as chairman of Japan's No 1 opposition Socialist Party as a turning point.

That will be a headache for Prime Minister Suzuki.

An ad hoc committee on administrative reform is scheduled to issue its basic recommendation on streamlining the government structure in the summer.

The Suzuki administration generated the nation's distrust in it at the yearend by deciding to seek a tax increase totaling yen 350 billion and to issue national bonds worth yen 375 billion to make up for a tax revenue shortfall.

Suzuki appears to be inclined to steer the government with emphasis on administrative reform during the first half of the year and on boosting the economy in the second half.

There is no telling, however, whether he will have his way in leading the country in 1982.

CSO: 4120/113

POLITICAL AND SOCIOLOGICAL

LDP DRAWS UP 1982 POLICY AT PARTY MEETING

OW040835 Tokyo KYODO in English 0734 GMT 4 Jan 82

[Text] Tokyo, 4 Jan, KYODO--The ruling Liberal-Democratic Party (LDP) has drawn up an 1982 policy, calling for a buildup of national defense capability and measures to deal with Japan's trade surplus with Europe and the United States.

The draft action policy will be discussed at the LDPs annual convention on 21 January.

The party meeting follows the government decision for a 7.5 percent increase in defense spending to yen 2.6 trillion (\$11.8 billion) in fiscal 1982 starting in April.

LDP officials said they will back the decision by Prime Minister Zenko Suzuki and seek greater defense spending. Suzuki is president of the Conservative Party.

Some opposition parties rejected the decision as a prelude to the revival of Japanese militarism.

The defense spending hike is a key part of the government 1982 national budget to be discussed at the Diet (Parliament) later this month.

The party policy is also pressing the government to step up its efforts to balance the deficit-ridden national budget by slashing the number of administrative agencies and their personnel.

Achievement of stable growth in the national economy is another target this year, according to the LDP policy.

The LDP officials said they want to expand Japan's current sluggish domestic economy by attaining the government-estimated 5.2 percent real economic growth in fiscal 1982.

CSO: 4120/117

POLITICAL AND SOCIOLOGICAL

REISCHAUER VIEWS NUCLEAR TRANSIT THROUGH JAPAN

OW220439 Tokyo KYODO in English 0423 GMT 22 Dec 81

[Text] Washington, Dec 22 (KYODO)--Former American ambassador to Japan Edwin Reischauer said Monday that the U.S. Government under the existing agreement need not inform Japan if nuclear-armed warships and planes transit Japanese territory.

A quite new arrangement is required between the two countries if Japan would like to be informed, Reischauer said in a telephone interview with KYODO News Service.

His remarks, confirming a similar statement by an anonymous high ranking U.S. Government official over the weekend, ran counter to Tokyo's official views that port calls by nuclear-armed warships and passage of planes carrying nuclear weapons are subject to bilateral prior consultations.

Reischauer said that it is impossible for the U.S. Government to inform Japan whether a certain warship calling on Japan is carrying nuclear arms, as Washington has an established policy of not commenting on the whereabouts of nuclear weapons.

He reaffirmed his earlier remark that there exists a secret agreement which permits nuclear-armed U.S. warships to put in at Japanese ports.

The agreement was made during the negotiations of the 1960 U.S.-Japan security treaty, he claimed.

The Japanese Government, in proclaiming its three nonnuclear principles, maintains prior consultation is necessary in all cases.

But Reischauer said in the interview that the United States has never confirmed this Japanese view.

The U.S. Government is able to guarantee that U.S. planes stationed in Japan do not carry nuclear weapons, but is impossible to guarantee aircraft flying over Japanese territorial air and warships putting in at Japanese ports are not carrying nuclear weapons, he said.

Reischauer stressed that Japan as a sovereign country has the right to stop nuclear-armed warships making port calls in Japan.

But it would mean the end of the U.S.-Japan alliance, the end of U.S. bases in Japan and the end of the U.S.-Japan security treaty, he said.

Reischauer added he knows Japan does not want that.

CSO: 4120/113

POLITICAL AND SOCIOLOGICAL

CABINET RAPS CONDUCT OF TRADING FIRM EMPLOYEES

OW050747 Tokyo KYODO in English 0733 GMT 5 Jan 82

[Text] Tokyo, 5 Jan, KYODO--Members of Prime Minister Zenko Suzuki's cabinet, at the year's first meeting Tuesday, took employees of trading firms to task for their alleged misconducts abroad.

Prime Minister Suzuki led off the meeting with a remark that trading company employees working in overseas countries must pay "full attention" not to create moral economic friction.

Finance Minister Michio Watanabe then took the floor complaining that "while the government is doing all it can" to resolve Japan's economic friction with other countries, "Overseas Shosha (trading firm) employees are not cooperating."

Watanabe denounced Overseas Japanese Trading Company employees for not offering even a small amount of contributions to churches.

The finance minister said "they engage in drunken revelry night after night at night clubs creating a bad impression."

Toshio Komoto, director general of the Economic Planning Agency, told the cabinet meeting that "the criteria for (trading company) men's conduct was worked out in the past. This should be re-studied."

Yasuhiro Nakasone, director general of the Administrative Management Agency, said the government and people ought to consider on a broad scale humanitarian matters such as the problem of refugees.

He said a possibility of imposing taxes on expense accounts abroad should be considered.

CSO: 4120/117

MILITARY

GROWING U.S. INTEREST IN JAPAN'S DEFENSE INDUSTRY DISCUSSED

Tokyo KAHUSHIKI NIPPON in Japanese 15 Jul 81 pp 22-25

[Article by Keitaro Hasegawa, International Economist]

[Text] The U.S. defense industry is suffering from extremely low productivity. That of Japan, on the other hand, is characterized by high technology and productivity. Although there is the obstacle of the "Three Principles of Arms Export," Japan's defense industry can no longer contribute only to the defense of Japan.

American pressure on Japan to strengthen its defense efforts has increased rapidly. From the standpoint of the present Japan-U.S. relations, it is unlikely that the Japanese Government will accede to the U.S. request unconditionally, but it is certain that Japan will agree to some of it. Although the strengthening of the defense efforts will certainly increase the number of orders placed with Japan's defense industry, the present trends indicate new elements that go beyond this.

United States, Suffering from Military Industry's Lack of Productivity, Seeks Japan's Cooperation

One of these elements is that the subject of the U.S. request for cooperation from the Japanese defense industry has changed substantially. That is, by obtaining Japan's cooperation, the United States wants to make up for its own defense industry's lack of productivity.

More concretely, the trend is for a rapid increase in orders from the U.S. defense industry for licensed production of military wares in Japan. Already, because of long delays in meeting the delivery terms stipulated in export contracts for Japan regarding such items as aircraft and air-to-air missiles, these items will not arrive by the target years set by Japan's Mid-Term Operation Plans.

Thus, the U.S. defense industry is moving toward allowing Japanese defense enterprises to produce new weapons under license. The weapons produced in Japan will be delivered to the Japanese Self-Defense Forces as well as to the U.S. military forces. Such an intention on the part of the U.S. Government has rapidly attracted the attention of the Japanese.

For Japan's defense industry, this is indeed good news. There had been a fierce debate in Japan over whether to import new weapons or to manufacture them domestically.

The United States, on the other hand, faced with its military industry's insufficient productivity and with its back now to the wall, has begun to believe that it must strongly ask Japan to import from the U.S. [as published] finished military wares.

For Japan, to the extent that deliveries to the Self-Defense Forces are severely limited by the defense budget, the licensed production and the possibility of supplying the U.S. forces would clearly signify conditions favorable for the mass production of arms. The production of new weapons requires sophisticated technology, but under the "proposed" arrangement, Japan would not only receive the most advanced technologies from the United States, but it would also be able to meet domestic as well as U.S. demands. The arrangement, then, would provide conditions conducive to mass production.

Of course, there is the complication with regard to the "Three Principles of Arms Export" (no arms are to be exported to 1) communist bloc countries, 2) countries designated by the United Nations, or 3) countries at war). Furthermore, since there is said to be strong opposition at home to arms exports, the move by the Japanese Government is expected to be a delicate one. But there is no denying that the United States strongly favors Japan's cooperation in this direction.

At the last meeting of top officials from Japan and the United States, the term "allies" was used often and was inserted in the joint statement. Perhaps it is only natural for us to interpret this as indicative of such a U.S. request for Japan's cooperation.

The U.S. military strength is declining rapidly. In particular, the deterioration of the military industry has become a decisive factor in the decline of the U.S. forces. America alone can no longer solve the problems of inadequate supply and late deliveries of munitions, aircraft, and battleships from which its military is suffering. The basic attitude of the U.S. military is to rely on Japan for the procurement of needed arms and munitions.

An especially serious problem is that there is no way America can quickly restore its declining military strength. To that extent, its demand that Japan strengthen its defense efforts becomes stronger. It is no exaggeration to say that America's real intention, aside from the goal of strengthening the Self-Defense Forces for the defense of Japan and the waters around it, is to expand Japan's cooperation into the area of arms production.

The London ECONOMIST's Bold Suggestion

One could say that the military strength of the United States has fallen to its lowest level. It goes without saying that its military preparedness, due to inadequate supply of munitions, is far from complete; furthermore, the quality of its soldiers has declined acutely. In recent years, the intelligence level of 45 percent of the draftees is said to be comparable to that of illiterates. The problem is so severe that animation has replaced training manuals.

The physical strength of the soldiers is also declining; outdoor training in temperatures above 32°C is prohibited. To train these inept men, some 70,000 non-commissioned officers are needed. This is because low military pay is driving

potential officers into the private sector. The competence of commissioned and noncommissioned officers is also on the decline, so that previously unheard of simple mistakes are now common.

We can hardly say that the U.S. military is prepared to meet emergencies. Because its troops, insufficient as they are in number and in a situation of declining military strength, are poised mainly in the Middle East, their inadequacy is severely felt in Europe, the area of direct confrontation and therefore one which should be emphasized militarily.

The American forces in Japan, a country in indirect confrontation, are virtually ineffective. In fact, it is the Japanese Air Self-Defense Force which is defending Japanese airspace and not the U.S. Air Force stationed in Japan. The defense of the land is completely in the hands of the Japanese Ground Self-Defense Force; the U.S. military has no role in it. In other words, Japan is being defended by its own Self-Defense Forces.

The United States is not shouldering the responsibility for defending Japan, as set forth in the Japan-U.S. Security Treaty. Moreover, anticipating a further decline in its military strength, the United States is trying to make Japan defend even the waters that surround it.

Various complex factors contributed to the emergence of the phenomenon of the decline of U.S. military might. The London ECONOMIST (27 December 1980) suggests one extreme solution to restore this lost strength: "There is no other way but for the United States to draft young men from developing countries and let Japan manufacture arms." This approach no doubt will be realized gradually.

That Japan, in the face of declining U.S. military strength and relying on its own equally inadequate Self-Defense Forces, is not concerned about its defenses is due to the fact that the Soviet Union, its supposed enemy, is also suffering from a decline in its own military strength, albeit for different reasons. Japan, at least for now, is not under any Soviet threat.

The reason for this, in addition to its declining military strength, is that, as a result of confrontation with China, major Soviet forces in the Far East have been deployed against China. Furthermore, the Soviet Union lacks sea and air power to attack an island country such as Japan.

This writer has explained this point in detail in "Japan's National Defense Power" (published by Shodensha).

Plans Are Emerging For Licensed Production of Arms

Despite this lack of concern, the defense capability, which requires considerable time to build, cannot be left in its present condition. The United States, which is making demands beyond what is prescribed in Japan's Mid-Term Operations Estimate, will probably move in the direction of creating an atmosphere conducive to making further demands on Japan to strengthen its defense capabilities.

The U.S. demand is focused mainly on Japan's expansion of sea and air power. This shows that the U.S. strategic forces are most inadequate in sea and air power. In terms of the defense industry, the promotion of full-scale licensed production of F-15 fighters and P-3C submarine detectors is included among the important items the United States is demanding from Japan.

As for the United States, it is fully aware that in order to restore its weakened military the Japanese Self-Defense Forces, which are directly responsible for the defense of Japan, must be strengthened; but more than that, it is aware that, in much broader terms, there is no other way but to utilize Japan's potentials for the defense of the entire free world.

Japan's potentials mean, first of all, its industrial strength, which includes its defense industry. That the defense industry of the United States is deteriorating is clear from the report, "Faltering Defense Industry," compiled by a special commission and submitted to the Military Affairs Committee of the House.

For example, if an order for an F-15 were placed now, it would not be delivered until 1985 or 1986. The U.S. defense industry is not in a position to accept any orders from Japan. If Japan were to rely on imports for its F-15 fighters, 72 of which are prescribed in the Mid-Term Plans, they would not be delivered until after 1986. It is for this reason that a plan to allow the Japanese to produce them under license has emerged.

If Japan were to begin licensed production now, Japanese aircraft manufacturers could probably begin deliveries of aircraft by 1983. The delivery period would be far shorter than if Japan were to import them.

As to the "Sidewinders," the air-to-air AEM9L missiles used with the F-15 and F-4E, the major fighters, the U.S. manufacturer, Raytheon, has been reluctant to let Japan produce them under license. But under pressure from the U.S. Air Force, it has changed its position so that it has agreed to let Mitsubishi Heavy Industries produce the missiles under license. It is said that production will not be limited to those kept in Japan but that half will be shipped to the U.S. Air Force.

It is inevitable that moves such as this will increase further. In other words, the U.S. policy is moving in the direction pointed out by the London ECONOMIST of utilizing Japan's arms production capability.

It is only a matter of time before Japan's defense industry will see the light. The Japanese industries can boast of the best quality control in the world. But where arms are concerned, that is, where precision and consistency of quality are demanded, Japan's cooperation, in the eyes of the top U.S. Government officials, is now a necessity for the entire free world.

30 Years Since the "Special Korean Demand;" New Era Is Now Anticipated

While all this may be true, it is not the case that the move to incorporate Japan's defense industry into the defense system of the entire free world can be expanded limitlessly. Both the Soviet Union and the United States must begin to rebuild their economies before going ahead with the strengthening of their military. To do

so, the two heads of state must meet and hammer out a way to reduce armaments. This possibility for this type of U.S.-Soviet summit talks has become great.

Such a move would not mean a great loss to the defense industry. That is to say, before the U.S. defense industry can be rejuvenated, considerable time and effort will still be required. Prior to this reconstruction, Japan's cooperation is indispensable.

In fact, it will be a great task to rebuild the U.S. military forces, which are virtually ineffective. In order to raise the quality of the soldiers, large pay increases are essential. To secure weapons and munitions, the U.S. defense industry must be reconstructed from its roots. To accomplish this, the United States has no choice but to rely on Japanese industrial strength, which can deliver on schedule materials such as titanium and aluminum; electronics parts such as IC and LSI; machine parts such as bearings, bolts, and nuts; and functional parts such as jet engines, turbine blades, and pumps--all of excellent quality.

Be that as it may, the deterioration of the American defense industry is beyond description. Numerous examples of this are found in the report to Congress, "Faltering Defense Industry," cited above. The more one reads it the more one wants to ignore it.

"The Japanese are a people who can make cars without defects. Can we hope that Americans, who can only make defective cars, will produce arms that are perfect?"--laments the report. The seriousness of this illness cannot be comprehended by the Japanese.

The rebuilding of the defense industry will take at least 5-6 years. Even if the industry were now to seek expanded exports of new arms to Japan, there is no way that the U.S. Government would accept it.

There is no other way to meet the urgent needs of the U.S. forces but to offer licenses to Japanese manufacturers and let them produce parts and finished products, and have part of them delivered to the Self-Defense Forces and the remainder to the U.S. forces.

At present, the Japanese defense industry is facing a new period of demand similar to that of 30 years ago during the Korean War. The only difference is that the support structure of the defense industry is far greater than 30 years ago, and that it is supported by the world's foremost technological capability. The Japanese have mastered technology superior to that of their U.S. counterparts.

The contribution of the Japanese defense industry should no longer be confined to Japan's defense. The industry is about to mature into one which can support the defense of America and the entire free world.

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CSO: 4105/2

MILITARY

REPORT ON GOVERNMENT DEFENSE FINANCES

OW181233 Tokyo KYODO in English 1215 GMT 18 Dec 81

[Text] Tokyo, Dec 18 (KYODO)--The defense agency is losing the budget battle over ground self-defense force (GSDF) levels, political observers here said Friday.

The agency is seeking funds for a 0.7 percent increase in personnel for GSDF units in fiscal 1982. The GSDF is chronically undermanned, but observers said the Finance Ministry will strike the request from the budget for the third straight year.

The Finance Ministry has its own hands full with keeping the budget inside the limits sought by Prime Minister Zenko Suzuki in his administrative reform program. The personnel question might wind up with Suzuki himself, the observers said.

GSDF manpower averages about 86 percent of the authorized 180,000 personnel. The shortfall is particularly serious among infantry privates, while front line regiments in Hokkaido have only about 60 to 70 percent of their officially authorized complement of non-commissioned officers.

Requests for increased troop levels were stricken from the budget in fiscal 1980 and 1981, and GSDF officers warn that a third rejection would have serious consequences for morale.

Further pressure comes from Washington, the observers said. U.S. officials indicated at recent working level discussions in Hawaii that they would like to see personnel increases given top priority to boost Japan's ability to respond to an emergency.

The defense agency has requested a 0.7 percent increase in troops for the GSDF Second Division stationed at Asahikawa in Hokkaido. This would mean 1,260 fresh troops for the division.

However, the increase would translate into a hefty yen 6 billion (dollar 27 million) yearly increase in personnel costs.

The Finance Ministry has rejected the request.

Observers said the ruling Liberal-Democratic Party (LDP) has also turned a cold eye on defense agency requests, excising wording on personnel increases from the initial budget draft over the protests of pro-SDF Dietmen.

Even sources in the defense agency itself now concede that their request will be eliminated from the Finance Ministry budget draft and that efforts to restore it in later official negotiations will face tough going.

However, the agency has indicated it intends to demand at the very least an increase of 0.3 to 0.4 percent.

Agency officials warn that failure to boost GSDF force levels could worsen Japan-U.S. relations, terming the increase "one symbol of Japan's defense efforts."

Political observers say that if the difference between the agency and the Finance Ministry cannot be worked out at the ministerial level, the final decision could be dropped in the prime minister's lap.

CSO: 4120/113

MILITARY

DEFENSE AGENCY REVISES AIRCRAFT PURCHASE PLANS

OW170303 Tokyo KYODO in English 0249 GMT 17 Dec 81

[Text] Tokyo, Dec 17 (KYODO)--In a switch from the hitherto biennial order method, the defense agency has decided to order P-3C antisub patrol planes and F-15 fighters for three consecutive years starting fiscal 1982, the agency said Thursday.

The Finance Ministry also approved the agency's policy which implies a switch from the agency's former method of ordering P-3Cs and F-15s every other year.

The agency decided on the measure, outside the framework of the single-year budgeting principle, as its budgetary demand for fiscal 1982 was sharply slashed by the Finance Ministry.

The agency earmarked 17 P-3Cs, each costing yen 11 billion, and 43 F-15 fighters, each yen 10 billion, for the defense budget for fiscal 1982 starting next April, but the Finance Ministry restricted procurement of the planes to seven P-3Cs and 23 F-15s for fiscal 1982 in working-level talks with the agency.

The agency resisted the ministry's restriction in light of the U.S. call for Japan's "due defense efforts," but the ministry persuaded the agency by pledging orders in fiscal 1983 for 10 P-3Cs and 20 F-15s earlier planned to be procured in fiscal 1986.

Both the maritime and air self-defense forces also intend to approve the ministry's draft.

The draft will reduce the total amount of yen 2.26 trillion in defense costs to be borne in and after fiscal 1983 by about yen 300 billion in terms of procurement of P-3Cs and F-15s.

Under the next mid-range defense purchase estimate, now being worked out by the agency, the agency plans to give additional orders for a little less than 50 P-3Cs and a little more than 85 F-15s and to earmark the first installment of them in the fiscal 1984 budget.

However, expected hikes in the cost of the planes are feared to eventually bring larger bills in fiscal 1983 and 1984, enough to top the one percent level of defense costs as compared with the nation's gross national product (GNP).

CSO: 4120/113

MILITARY

GOVERNMENT BUDGET TALKS TO FOCUS ON DEFENSE SPENDING

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 p 6

[Text]

The Japanese government's FY 1982 budget negotiations, late in December, are expected to focus on a growth percentage of defense spending. The bargaining will start after the Ministry of Finance puts forward its draft on Dec. 22. The government's draft for the FY 1982 budget will be set by Dec. 29 for submission to the Diet (parliament) in early 1982.

The Japanese Defense Agency (JDA) has been allowed to increase its FY 1982 budget request up to 7.5 percent over FY 1981 spending, while other government agencies have been forced to hold down growth in their requests to zero. Furthermore, the JDA has requested a wage increase of 2.4 percent to be added to the 7.5 percent growth ceiling. Thus, it expects defense spending in FY 1982 to grow by 9.9 percent.

But Prime Minister Zenko Suzuki and Finance Minister Michio Watanabe have expressed their intention to absorb the wage increase into the 7.5 percent growth ceiling. Therefore, the defense spending growth would be subjected to political decision by the Prime Minister and other government leaders. The growth rate may possibly settle at the 7 percent level.

Besides the increase in overall defense spending, the large funding figure requested for procurement of 43 F-15J fighter-interceptors and 17 P-3C antisubmarine patrol aircraft could be a key matter of consideration at the budget negotiations. This funding, if approved, would bring about a large amount of disbursement after FY 1982.

The large funding figure for such aircraft might affect procurement of other aircraft, warships and ammunition, depending on the outcome of the budget negotiations.

CSO: 4120/125

MILITARY

ASDF PILOTS TO FERRY TWO C-130HS TO COUNTRY IN 1984

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 pp 7-8

[Text]

The Air Self-Defense Force (ASDF) will take delivery of its first two Lockheed C-130H transports in the United States in December 1983 for ferrying by ASDF pilots to Japan in March 1984. The two C-130Hs were ordered in the current fiscal year.

The ASDF intends to procure 12 C-130Hs following procurement of 24 C-18 to strengthen its transport capability. For FY 1981, it had requested six aircraft. But only two were funded. Therefore, it has sought ¥23,000 million in its FY 1982 budget request to order the four aircraft. If they are funded, the ASDF would be able to acquire two in October 1984 and another two in December. They would also be ferried to Japan by ASDF pilots by the end of FY 1984 or March 1985. The ASDF plans to request the remaining six aircraft in FY 1983. If this request is approved, it could take delivery of three in FY 1985 and another three in FY 1986.

The ASDF also wants to procure two more C-130Hs for reserves, which are expected to be funded in FY 1985 and delivered in FY 1987.

In preparation for C-130H introduction, the ASDF plans to get 76 crewmen and maintenance engineers trained in the United States in FY 1982 and 1983 under an FMS (foreign military sales) contract with the U.S. government. It has sought ¥600 million in its FY 1982 budget request for the training in the United States. The 76 trainees will consist of 30 crewmen, 35 maintenance engineers and one management official. A C-130H crew will comprise two pilots, one navigator, one maintenance man and one transportation attendant.

Concerning the 20 crewmen, the ASDF will send five men for one crew to the United States in the fourth quarter of FY 1982 for a six-month training period. They will become instructors and C-130H test operators in Japan to take part in preparation for application tests of the aircraft by the ASDF Air Proving Wing in the first half of FY 1984. The remaining 15 crewmen will undergo training in that country in the second half of FY 1983. Ten of them will ferry the ASDF's first two C-130Hs to Japan in March 1984.

Out of the 55 maintenance men, 13 will leave for the United States in September 1982 to undergo training until the first quarter of FY 1983. The remaining 42 men will be trained from the second to fourth quarter of FY 1983.

For the domestic training starting in FY 1984, 32 crewmen and 94 maintenance men will be trained in FY 1984 by those who will have completed the training in the United States. FY 1985's domestic training will include 27 crewmen and 68 maintenance engineers.

The ASDF intends to organize a C-130H squadron with the first six aircraft for normal operations in early FY 1985 after operational tests to be completed by the end of FY 1984.

CSO: 4120/125

MILITARY

ASDF TO TEST MODIFY F-4EJ IN FY 1982-1983

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 p 8

[Text]

The ASDF plans to modify an F-4EJ fighter-interceptor in FY 1982 and 1983, test a modified plane in FY 1984 and 1985 and start a five-year full-scale modification of 100 F-4EJs in FY 1986. In its FY 1982 budget request, it has sought ¥9,850 million for the test modification and purchase of two sets of new components for the modified aircraft.

In the modification plan, the ASDF intends to modernize the radar, radar scope, fire control system (FSC), headup display, inertial navigation system, IFF (identification, friend or foe) system, backward warning radar and other components to give the aircraft look-down capability, a wider range of weapons and an increased IFF capability.

It has adopted the Alpha Jet's headup display and Westinghouse's FCS radar mounted on the F-16 for the modified F-4EJ. Other new components for the aircraft would be almost the same as those for the F-15. Most of these new components will be produced by domestic manufacturers. Even if some of them must be imported, the ASDF plans to purchase such foreign components through domestic manufacturers.

CSO: 4120/125

MILITARY

MSDF TO ORDER TRAINING SUPPORT AIRCRAFT IN FY 1983

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 p 9

[Text]

The Maritime Self-Defense Force (MSDF) plans to order three high-speed training support aircraft in FY 1983 for acquisition in FY 1985.

The aircraft, designed for ship antiaircraft firing exercises, is required to fly at a maximum speed of more than Mach 0.9. The speed for low-altitude flights is planned at more than Mach 0.8. It is also expected to be on station for two hours after a 400-mile flight. It will be a small aircraft difficult for ships to track by radar.

The training support plane will have search radar, long-range navigation system, VHF omni-directional radio range, UHF/VHF radio system, radio altimeter, flight data recorder and other instruments. It will also be equipped with a high-speed sleeve, jammer pod, chaff dispenser, missile seeker simulator and other specialized equipment for training support missions, as is the case with the larger UP-2J training support aircraft. In addition, it may be required to carry two MQM-74C Chukar II-class target drones. The UP-2J has two BQM-74A Firebee drones.

Candidates for the MSDF's new training support aircraft include the Mitsubishi MU-300, the Dassault-Breguet Falcon 20 and the Canadair Challenger.

CSO: 4120/125

MILITARY

YS-11 TO BE MODIFIED TO CARRY ECM SYSTEM

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 pp 8-9

[Text]

The ASDF will soon conclude a contract with the Japan Aircraft Mfg. Co. (NIPPI) to modify a YS-11 turboprop aircraft to accommodate the ALR-1 electronic countermeasure (ECM) system developed by Toshiba Corp. for collecting enemy radio wave data in electronic warfare.

It plans to take delivery of the modified YS-11 in September 1982 for technical and application tests for about six months. The aircraft will be operated by electronic warfare training squadrons from FY 1983.

In the modification program, radomes will be mounted at two lower and one upper fuselage points to accommodate antennas as sensors for the ALR-1 system. The YS-11 has been transferred to Japan Aircraft for overhaul. The ALR-1 will be supplied to the firm in December.

Toshiba carried out work on design of the ALR-1 in FY 1978 and 1979, started fabrication in FY 1980 and completed it last spring. The system's technical and application tests are now underway.

As to the modified YS-11, Japan Aircraft prepared a basic design in FY 1979 and 1980 and a detailed design in FY 1979 and 1980. The detailed design underwent ASDF technical examination in November.

CSO: 4120/125

MILITARY

BRIEFS

DEFENSE SHARE OF GNP--Tokyo, Dec 21 (KYODO)--Soichiro Ito, director general of the defense agency, Monday admitted the possibility of Japan's defense spending ratio to the gross national product (GNP) surpassing 1 percent to procure adequate military equipment during the five years from fiscal 1983 to 1987. He was answering a question by an opposition member at a meeting of the House of Representatives cabinet committee concerning the relationship between the government's policy of limiting defense expenditures to not more than 1 percent of the GNP and his agency's ongoing work on the medium-term plan for procurement of major defense equipment starting in fiscal 1983. The plan will be submitted to the National Defense Council in July next year. If the 1 percent ceiling is exceeded despite maximum possible efforts to hold down defense spending, the defense agency will explain the inevitable reasons at the National Defense Council, he said. Prime Minister Zenko Suzuki has repeatedly said his government will adhere to the 1 percent framework, which has been observed by the preceding conservative governments. [Text] [OW211313 Tokyo KYODO in English 1221 GMT 21 Dec 81]

CSO: 4120/113

ECONOMIC

COMMENT DECLINED ON POSSIBLE AID TO CHRYSLER

OW111201 Tokyo KYODO in English 0328 GMT 11 Jan 82

[Text] Tokyo, Jan 11 (KYODO)--Mitsubishi Motor Co. declined comment today on reports the Japanese Government may extend aid to the Chrysler Corp. via Mitsubishi to alleviate its financial crisis.

"We are not aware of such a move nor have we any concrete information on that to provide," a Mitsubishi Motor spokesman said.

The spokesman was commenting on a front-page story in the economic daily NIHON KEIZAI's Sunday editions.

NIHON KEIZAI said the Ministry of International Trade and Industry (MITI) is considering relief measures to pull Chrysler out of the protracted crisis to ease trade friction between the two countries.

Those measures include official financial assistance via Mitsubishi, the purchase of Mitsubishi stock currently held by the U.S. concern, joint production in the U.S. and promotion of technical aid between the two firms, the economic daily reported.

NIHON KEIZAI said MITI chief Shintaro Abe will propose those measures in a meeting in Washington with Treasury Secretary Donald Regan January 19.

Japan's financial aid to Chrysler will be made in the form of bank-to-bank loans or suppliers' credits from the governmental Export-Import Bank of Japan--credits to Chrysler from the EXIMBANK through Mitsubishi, the report said.

MITI, which reached a car export restriction accord with America last year despite local opposition, is also expected to encourage Mitsubishi to buy back dollar 100 million to 200 million worth of Mitsubishi stock from its American partner.

Mitsubishi Motor chairman Tomio Kubo told NIHON KEIZAI that Chrysler's rationalization should get top priority to prevent the firm from going under.

But he indicated Chrysler's production of Mitsubishi vehicles under a license agreement as part of technical cooperation is a possibility.

The Reagan administration has given Chrysler dollar 1.2 billion in aid but refused to extend an additional dollar 300 million.

Chrysler nevertheless sustained a dollar 400 million ordinary deficit last year following a dollar 1.8 billion deficit a year before.

CSO: 4120/127

SCIENCE AND TECHNOLOGY

BOEING, MDC/FOKKER EXECUTIVES TO VISIT JAPAN

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 pp 3-4

[Text]

Leaders of the Boeing Commercial Airplane Co., McDonnell Douglas Corp. (MDC) and Fokker are expected to visit Japan in mid-December for talks with representatives of Japan's aircraft industry and the Ministry of International Trade and Industry on a Japanese program for development of the Y-XX 150-seat commercial transport aircraft, according to aircraft industry sources.

The visitors would include T.J. Bacher, Director for International Business of Boeing Commercial Airplane, Gerald Burns, Vice President of MDC, and F. Swarttouw, Chairman of Fokker.

The Japanese industry sent a team, led by Managing Director Iwao Shibuya of Fuji Heavy Industries Ltd., to the United States in mid-November for negotiations with Boeing and the MDC/Fokker group in a bid to select a foreign partner for the Y-XX project by the end of this year. But the negotiations failed to produce any satisfactory results. The two foreign parties promised the Japanese delegation to submit answers around Dec. 10 to Japanese questions on a possible joint Y-XX development program with Japan.

The Japanese side intends to consider the selection after receiving the answers to be conveyed by the leaders of the two foreign parties.

Before the selection, the Japanese side would have to unify views within the aircraft industry, coordinate views between the industry and the Ministry of International Trade and Industry, and put the matter to consideration by the Aircraft and Machinery Industry Council, an advisory body to the Ministry. Thus, it would be difficult for the Japanese side to make a decision on the foreign partner for the Y-XX project by the year-end.

SCIENCE AND TECHNOLOGY

DEMAND FOR FLYING BOATS ESTIMATED AT 120

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 pp 4-5

[Text]

The Society of Japanese Aerospace Companies (SJAC) estimated Japan's demand for flying boats at 120 aircraft for 1985-95 in its report on a possible commercial flying boat transport system.

The SJAC report also says construction of offshore airports for flying boats would cost much less than onshore airports, although central and local governments would have to partially finance such construction. It estimates that offshore airports would have to be built at 41 points throughout Japan with 120 aircraft (with 30-50 seats) in operation. Construction costs for an offshore airport are projected at ¥1,000 to 3,000 million, compared with ¥5,000 to 30,000 million for an onshore airport.

Development of a flying boat for commercial transport service is estimated to cost ¥37,000 million. Average price for the 120 flying boats is planned at ¥1,960 million per aircraft. If demand is set at 300 planes, the price could be reduced to just above ¥1,200 million.

The report says Japan should consider the possibility of a flying boat being developed jointly with foreign countries and study future overseas demand for such aircraft. It points out that West Germany's Dornie and the United States' Grumman have offered joint development of flying boats with the Japanese aircraft industry.

The SJAC is expected to seek the assistance of the Ministry of International Trade and Industry for the industry's development of flying boats after a survey on overseas flying boat markets.

CSO: 4120/125

SCIENCE AND TECHNOLOGY

161 YS-11S IN WORLDWIDE OPERATION

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 pp 5-6

[Text]

Nihon Aeroplane Manufacturing Co., the maker of the YS-11 turboprop transport aircraft, has recently reported a total of 161 YS-11s now in operation in the world.

Of the total, 79 aircraft are used by four Japanese domestic carriers for scheduled flights. They are All Nippon Airways, Toa Domestic Airlines, Southwest Air Lines and Nihon Kinkyori Airways.

Twenty-four planes are operated for scheduled flights by six foreign carriers -- LAPA of Argentina, Mid-Pacific Airline, Piedmont Airlines and Reeve Aleutian Airways of the United States, Olympic Airways of Greece and Philippine Airlines. In addition, 21 planes are used for cargo and charter flights by four foreign companies -- Airborne Express and Pinehurst Airlines of the United States, Pyramid Airlines of Egypt and TRAMCO of Zaire.

In the government sector, 37 YS-11s are operated by the Air and Maritime Self-Defense Forces, the MOT's Civil Aviation Bureau and the Maritime Safety Agency of Japan, and by the Greek and Philippine governments.

Total flight hours of YS-11s in the world have so far reached 3,490,400 hours, comprising 1,869,800 hours for domestic scheduled flights, 792,700 hours for overseas scheduled flights, 29,400 hours for cargo and charter flights, 240,500 hours for government sector flights and 558,000 hours for other flight operations.

The time factor for overhaul of such key components as the airframe, engine, propeller, gear box and drive shaft has been extended considerably.

NAMCO has suspended production of YS-11s. But it is said that demand for such aircraft is increasing year by year in the world.

SCIENCE AND TECHNOLOGY

TR&DI TO EXAMINE MT-X CONCEPT IN JANUARY

Tokyo JPE AVIATION REPORT-WEEKLY in English No 551, 16 Dec 81 p 10

[Text]

The JDA's Technical R&D Institute (TR&DI) will examine a basic concept for the MT-X new intermediate trainer for the ASDF in January now in preparation by Kawasaki Heavy Industries Ltd. (KHI), the prime contractor for the MT-X development project.

If the concept passes the examination, KHI would be able to launch full-scale work on a basic MT-X design under a ¥1,587,992,000 contract signed with the JDA on Oct. 26. There will also be an examination of partial mockups, 15-point tests and the design itself before the delivery of the basic design in October 1982. The ongoing work, undertaken by an engineering team consisting of about 100 engineers from KHI, Mitsubishi Heavy Industries Ltd. and Fuji Heavy Industries Ltd., is divided into three phases -- designing, various tests and fabrication of partial mockups.

The MT-X development project started with the basic designing for a seven-year term as approved at intra-government negotiations last year concerning the FY 1981 budget. The basic designing period, lasting until FY 1982, will be followed by detailed designing and fabrication of a full-scale mockup in FY 1982 and 1983, manufacture of prototypes between FY 1983 and 1985, and technical and application tests from FY 1986 to 1987.

In order to start the detailed design work in FY 1982, the TR&DI has sought ¥7,358 million for three-year disbursement in its FY 1982 budget request. It expects the requested funding to be approved without complication at intra-government negotiations on the FY 1982 budget late in December. Observers think that there would be little problem in obtaining the approval.

Since the detailed design work is certain to be funded almost as requested, observer attention is now shifting to FY 1983 funding for manufacture of prototypes and engines. It is expected that the TR&DI will request a considerable amount of funding for the key stage of the MT-X project.

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